

CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Human Resources

AGENDA DATE: July 12, 2011

CONTACT PERSON/PHONE: Linda Ball Thomas, Director, Human Resources (915) 541-4102
Irene Y. Morales, Risk Manager, Insurance & Benefits (915) 541-4448
Bruce D. Collins – Purchasing Manager (915) 541-4313

DISTRICT(S) AFFECTED: All

SUBJECT:

Request that the Purchasing Manager for Financial Services, Purchasing Division be authorized to exercise the City's option to extend current Contract 2008-092R Workers' Compensation 3rd Party Administrator with Claims Administrative Services, Inc. (CAS) for two (2) additional years pursuant to the provisions of an award approved by the City Council on May 6, 2008. The extended contract period will be from August 1, 2011 to July 31, 2013.

BACKGROUND / DISCUSSION:

In 2008, the anticipated administrative fee was \$3.5M for the initial three year contract; the estimated administrative fee through August 31, 2011 is \$2.4M. CAS has reduced the billed medical expenses for treatment of worker's compensation claims by 70% through its cost containment efforts. Some of the CAS cost containment efforts include Early Compensability Assessment Peer Reviews, adjuster on-site visits of departments, introduction of the Optimun Care Program and adjuster approved first diagnostic testing when the exam falls within the State of Texas Occupational Disability Guidelines. The introduction of the pharmacy benefit management program in September 2011 will further contain costs while providing injured employees with a pharmacy card to use in obtaining the prescribed medication. So far, the return on investment has been 5 to 1 by partnering with CAS to administer the Worker's Compensation program for the City. During a recent survey conducted by the Risk Management Section of other Texas cities, the CAS administrative fee was comparable to or lower than what is being charged to other cities in Texas.

PRIOR COUNCIL ACTION:

On May 6, 2008, City Council awarded the TPA contract to Claims Administrative Services, Inc. for an initial period of August 1, 2008 through July 31, 2011 with an option to extend the contract for two years. The City issued a request for proposal, all proposals were evaluated by an employee committee and Claims Administrative Services, Inc. was selected as the best value for the service.

AMOUNT AND SOURCE OF FUNDING:

Department: Human Resources
Amount: \$2,000,000.00
Funds Available: 99100255 - 502200 - 45122
Funds Source: Worker's Compensation Fund

BOARD / COMMISSION ACTION:

N/A.

*****AUTHORIZATION*****

DEPARTMENT HEAD: _____

**MOTION
MAY 6, 2008**

Motion made by Mayor Pro Tempore Byrd, seconded by Representative Lilly, and unanimously carried to **AWARD** Solicitation No. 2008-092R (Workers' Compensation Third Party Administrator) to CAS – Claims Administrative Services, Inc., for a total amount of \$3,542,562.

Department:	OMB/Insurance and Benefits
Award to:	CAS – Claims Administrative Services, Inc.
	Tyler, TX
Items:	All
Option:	Two years
Account No.:	99100255 – 502200 – 45122
Funding Source:	OMB Benefits Administrator (TBA)
Total Award:	\$3,542,562 (3 years)

The Departments of Financial Services, Purchasing Division, and Office of Management and Budget/Insurance and Benefits recommend award as indicated. The review committee, based on evaluation factors established for this procurement, recommend award to the highest ranked proposer as indicated.

Additionally, request authorization for City Attorney's Office to review and the City Manager of the City of El Paso be authorized to sign any contracts or documents required to effectuate this award.

AYES: Representatives Lilly, Byrd, Castro, Quintana, Ortega, and O'Rourke
NOT PRESENT FOR THE VOTE: Representative Holguin

Richarda Duffy Momsen, City Clerk